

## Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AGRE-00 SP-02 USIA-06 AID-05

EB-08 NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 L-03 /095 W

-----096383 190950Z /10

R 190743Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3957

INFO AMEMBASSY MOSCOW

USLO PEKING

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EAGR, ETRD, RP

SUBJECT: PHILIPPINE SUGAR SALES TO USSR AND PRC

1. LOCAL SUGAR TRADER REPRESENTING AMEROP AND SUCRES DENREES HAS TOLD EMBOFF THAT ALMOST ALL OF 600,000 TONS OF PHILIPPINE SUGAR SHIPPED TO USSR THIS YEAR PASSED THROUGH PRIVATE SUGAR TRADING HOUSES. ONLY 50,000 TONS WERE SOLD DIRECTLY FROM GOVERNMENT TO GOVERNMENT. HOWEVER, IT APPEARS THAT THE ENTIRE 600,000 TON SALE TO THE USSR WAS ARRANGED AS A THREE-WAY, ONE-PACKAGE DEAL (GOP-TRADERS-USSR). (COMMENT: WE BELIEVE THREE TRADING FIRMS WERE AMEROP (SUCRES DENREES), FARRMAN AND PHILIP BROTHERS. END COMMENT).

2. PHILIPPINE SUGAR PURCHASED BY PRC HAS ALSO FOR THE MOST PART PASSED THROUGH PRIVATE TRADERS, BUT PRC PURCHASES WERE "SPOT" PURCHASES WHICH PRC MADE INDEPENDENTLY WITH A NUMBER OF PRIVATE TRADERS. AMEROP CALCULATES THAT THROUGH JUNE OF THIS YEAR, 223,000 MT OF SUGAR HAS BEEN SOLD TO THE PRC, AND THAT OVERALL AMOUNT OF SUGAR PURCHASED BY MAIN-

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LAND CHINA GREATLY INCREASED THIS YEAR. SUGAR TRADERS HERE ARE ASKING THEMSELVES WHETHER THIS INCREASE STEMS FROM SUGAR CROP FAILURES, TO ATTEMPTS BY PEKING TO RAISE LIVING STANDARDS, OR TO PRC DESIRE TO KEEP SUGAR REFINERIES IN PRODUCTION. TRADERS WOULD PARTICULARLY LIKE TO KNOW IF INCREASED PURCHASES ARE PERMANENT.

3. COMMENT: EMBASSY HAS SUSPECTED FOR SOME TIME THAT PHILIPPINE SUGAR SALES BEING REPORTED TO PRC AND PARTICULARLY USSR WERE BEING "DOUBLE COUNTED", E.G., COUNTED BOTH AS SALES TO THE PRIVATE TRADERS AND AS SALES TO THE COUNTRY ITSELF. AMEROP ESTIMATE OF TOTAL SUGAR EXPORTS FROM PHILIPPINES DURING CURRENT CROP YEAR TALLIES, NEVERTHELESS, WITH AGATT'S ESTIMATE OF 2 MILLION MT GIVEN IN ANNUAL SUGAR REPORT (PH7016) OF MAY 13, 1977. IN SPITE OF SLOWER RATE OF SHIPMENTS IN JUNE, JULY AND AUGUST, IT STILL APPEARS THAT PHILIPPINE SUGAR STOCKS AT END OF CROP YEAR WILL DROP BELOW LAST YEAR'S RECORD LEVEL. END COMMENT.  
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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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